

City Service Area Community & Economic Development

UNDERGROUNDING PROJECT



Before Undergrounding



After Undergrounding

Mission: To manage the growth and change of the City of San José in order to encourage a strong economy, ensure a diverse range of arts, cultural and entertainment offerings, and create and preserve healthy neighborhoods.

The Developer Assisted Projects Capital Program reimburses developers for the construction of street improvements throughout the City and encourages the undergrounding of existing overhead utilities. As part of the Community and Economic Development City Service Area, the major objective of the capital program is to ensure that residential developments within San José include the construction of public improvements necessary to maintain or improve the infrastructure of the City.

Underground Utility Districts are established using fees collected from developers. Undergrounding projects are prioritized within a five-year plan based on several criteria, the largest of which is the amount of fees collected within the proposed Underground District. Other criteria include whether or not the underground work can be coordinated with other capital improvement work such as street widening, and established equity in the amount of undergrounding proposed among City Council Districts.

CSA CAPITAL PROGRAMS

- Developer Assisted Projects Capital Program

City Service Area **Community & Economic Development**

Recent Accomplishments

- Started construction on Guadalupe Gardens Underground Utility Districts (Rule 20A project) in January 2007.
- Started construction on Saratoga Avenue Underground Utility District (Rule 20B) in January 2007.
- Held workshops with executive staff of PG&E to convey the City's urgency in getting past historic roadblocks, and developed a more realistic five-year project delivery schedule and guidelines entitled "Best Practices" to implement the Rule 20A program in a more timely fashion.
- Staff has followed PG&E's interaction with the CPUC with regards to its efforts to revise the current Underground Planning Guide for Local Governments, and will continue to work with PG&E on its commitment to pursue a tariff change to allow Rule 20A funding of facilities to be placed in underground utility vaults.

Program Highlights

Developer Assisted Projects

Capital Program

2008-2012 Adopted CIP: \$14.0 million

Undergrounding Projects – Rule 20A

- Guadalupe Gardens undergrounding project: currently in construction.
- Park/Naglee, Naglee to Shasta, and Park to Bascom, Underground Utility District: established in March 2006, currently in design, scheduled for construction in September 2008.
- Market/Almaden, includes Reed, Pierce, William, Balbach and Viola, Underground Utility District: established in June 2006, currently in design and scheduled for construction in September 2008.

Undergrounding Projects – Rule 20B

- Jackson/Taylor, 4th to 9th Street, proposed Underground Utility Districts (combination Rule 20A and Rule 20B project): established in November 2005, currently in design and scheduled for construction in January 2008.
- Saratoga Avenue Underground Utility District: currently in construction.

Street Improvements

- Several street improvements including median island landscaping and center strip paving as part of the Communications Hill and Dairy Hill developments are nearing completion of construction. Most of these improvements are slated for completion in 2007-2008.

CSA OUTCOMES

(Supported by the Capital Program)

- ✓ Safe, Healthy, Attractive and Vital Community

City Service Area Community & Economic Development

Performance Measures

A set of consistent and comprehensive performance measurements along with targets and goals have been established for the entire capital program and adopted for each individual CSA. Measures have been established for four key areas: schedule (cycle time), cost, quality, and customer satisfaction. Please see the Budget Guide section narrative for additional information on capital projects performance measurements.

Outcome: Quality CIP Projects Delivered On-Time and On-Budget

5 Year Strategic Goals		2008-2012 5-yr Goal	2006-2007 1-yr Target	2006-2007 Estimate	2007-2008 1-yr Target	2008-2009 2-yr Target
Community and Economic Development CSA delivers quality Capital Improvement Program (CIP) projects on-time and on-budget	1. % of CIP projects delivered* within 2 months of approved baseline schedule	85%	85%	78% (7/9)	85%	85%
	2. % of CIP projects that are completed** within the approved baseline budget	90%	90%	100% (1/1)	90%	90%
	3. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after first year of use	80%	80%	***	80%	80%
	4. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	***	85%	85%

Changes to Performance Measures from 2006-2007 Adopted Budget: Yes¹

* Projects are considered to be "delivered" when they are available for their intended use.

** Projects are considered to be "completed" when final cost accounting has occurred and the project has been accepted.

*** Not applicable.

¹ Changes to Performance Measures from 2006-2007 Adopted Budget:

✗ "40% of project delivery costs compared to total construction costs for projects: less than \$500,000, between \$500,000 and \$3,000,000, greater than \$3,000,000" has been eliminated from each CSA, and replaced by a new measure in the Public Works Department Plan, Design and Construct Public Facilities core service located in the 2007-2008 Adopted Operating Budget. The revision introduces an improved methodology which captures more complete project delivery costs and sets targets based on benchmarks by project type.

In 2006-2007, the Community and Economic Development CSA delivered an estimated seven of nine (78%) projects within two months of the approved baseline schedule, which is slightly below the target of 85%. The seven projects that were delivered "on-time" were Public Art projects, which are now included as part of the discussion for the Community and Economic Development CSA. The Rule 20B Undergrounding District – Saratoga: I-280 to Kiely project had an "extended" schedule due to longer than expected coordination with utility companies to initiate the construction phase of the project.

City Service Area **Community & Economic Development**

Performance Measures (Cont'd.)

For the on-budget performance measurement, one project was accepted during 2006-2007. The Improvement District 99-218SJ (Hellyer-Piercy) Contract #3 project was completed within baseline budget.

Prior to 2006-2007, completed projects in this CSA did not involve City operations and maintenance or public customers to rate on the final products. Therefore, operations, maintenance and customer satisfaction surveys were not conducted in this CSA. However, with the addition of Public Art projects beginning in 2006-2007, this CSA will explore the possibility of conducting surveys on select Public Art projects where seeking input from City maintenance staff and/or public customers may be appropriate.

Capital Program Summary by City Service Area

Community and Economic Development

	2007-2008 Budget	2008-2012 CIP Budget	Total Budget (All Years)	Start Date	End Date
<u>Developer Assisted</u>					
<u>Projects Capital Program</u>					
PG&E/Private Electrical Service Panel Conversion Reimbursement	45,000	225,000	*	Ongoing	Ongoing
Public Works Capital Management Costs	71,000	344,000	*	Ongoing	Ongoing
Reimbursement to Developers for Center Strip Paving	320,000	620,000	*	Ongoing	Ongoing
Reimbursement to Developers for Landscaping	612,000	912,000	*	Ongoing	Ongoing
Residential Program Administration	95,000	485,000	*	Ongoing	Ongoing
Street Improvements for New Development	54,000	254,000	*	Ongoing	Ongoing
Transfer to the City Hall Debt Service Fund	22,000	123,000	*	Ongoing	Ongoing
Underground Utility Administration (20A)	250,000	1,350,000	*	Ongoing	Ongoing
Underground Utility Administration (20B)	130,000	750,000	*	Ongoing	Ongoing
Underground Utility Program	910,000	8,760,000	*	Ongoing	Ongoing
Total: Construction/Non-Construction	2,509,000	13,823,000			
Ending Fund Balance	4,278,615	212,615 **			
Total: Developer Assisted Projects Capital Program	6,787,615	14,035,615 **			
 CSA Total: Construction/Non-Construction	 2,509,000	 13,823,000 **			
Ending Fund Balance	4,278,615	212,615 **			
CSA Total:	6,787,615	14,035,615 **			

* Total Budget information is not provided due to the ongoing nature of this project.

**The 2007-2008 through 2010-2011 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of same funds.